

# California Department of Corrections Financial Information Memo

**SUBJECT:**

**FULL COST RECOVERY PROCESS FOR  
PIA REIMBURSEABLE COSTS**

**FIM NUMBER:**

**2004-14**

**REFERENCES:**

State Administrative Manual Section 8752  
State Administrative Manual Section 6463  
Accounting Information Memo 97-06  
Accounting Information Memo 97-05  
DOM Chapter 2, Article 5

**DATE: November 19, 2004**

**DISTRIBUTION**

Executive Staff  
Deputy Director, Institutions Division  
General Manager, Prison Industry Authority  
Regional Institution Administrators  
Wardens  
Associate Wardens, Business Services  
Regional Accounting Office

**PURPOSE**

The purpose of this Financial Information Memo (FIM) is to identify reimbursable goods and services provided to Prison Industry Authority (PIA) and to standardize methodologies to obtain full cost recovery of these items.

**DISCUSSION**

A recent review of PIA reimbursement invoices revealed inconsistencies in capturing reimbursable costs and billing methodologies of PIA operations within CDC institutions.

The State Administrative Manual Section 6131 defines Reimbursement as “cash or other assets received as repayment for the cost of work or services performed, or for other expenditures made for or on behalf and for the convenience of another governmental unit, fund, or department, or for an individual, firm or corporation”. CDC reimbursement policy requires full cost recovery for all reimbursable expenditures. The PIA shall be charged for actual expenditures incurred by CDC for their direct program benefit.

# California Department of Corrections

## Financial Information Memo

### **ACTION REQUIRED**

Effective immediately, Institutions and program managers shall audit all services and goods provided to PIA and identify their actual costs. Attached are the most common reimbursable goods and services provided to PIA and the billing methodologies to be used. Institutions shall work with PIA on reviewing what costs are reimbursable as well as the accuracy of the current cost methodologies used for billing.

The expectation of the Financial Services Division is that all institutions have entered or will enter into an interagency agreement with PIA for current and future projects at their sites. The agreement shall outline all recoverable goods and services provided to PIA and the method of determining actual reimbursement costs.

Billing information and required supporting documentation shall be provided to the institution's respective Regional Accounting Office (RAO) on a monthly basis. The RAOs will promptly invoice PIA and will provide institution management with a monthly report documenting collection activities. The RAOs shall notify the Associate Warden; Business Services (AWBS) of any disputed, denied or delayed collections. The AWBS shall work with PIA to resolve these payment problems.

If you have any questions concerning this memorandum, please contact Timothy Gilpin, Regional Accounting - North, at (916) 323-3351.

*ORIGINAL SIGNED BY*

WENDY STILL  
Deputy Director  
Financial Services Division

Attachment

cc: Regional Accounting Administrators  
Accounting Management Branch  
Accounting Services Bureau, Prison Industry Authority

California Department of Corrections  
Financial Information Memo

**ATTACHMENT FOR FIM 2004-XX**

**SAMPLING OF THE TYPES OF REIMBURSABLE GOODS AND SERVICES  
PROVIDED TO PIA AND THE COST METHODOLOGIES TO BE USED**

<u>CATEGORY</u>	<u>EXAMPLES</u>	<u>COST METHODOLOGY</u>
Rent	Office Space Factory Space Warehouse Space Outbuilding Space	Use fair market value for space rental.
Utilities:	Gas Electric Water Sewer Steam Telephone Pagers	Use actual cost by installing separate meters. In the event separate meters are cost prohibitive, Institutions shall calculate a percentage to total, based on square footage while taking into consideration the nature of the operation (Laundry, machinery that relies heavily on electricity or other utilities). Contact Facilities Management Division, Energy Management Section to determine the most current utility rates and method to bill PIA.
Waste Removal:	Trash Rollover Grease Trap Textile Clippings	Institutions shall establish a tracking system to capture costs incurred by PIA projects.
Fuel:	Gasoline Diesel Propane	Institutions shall establish a tracking system to capture costs incurred by PIA projects.
Labor:	Guarding Cost Overtime Meal Tickets	Overtime guarding costs and overtime meal tickets are reimbursable when the overtime is at the request of PIA. Overtime due to events that PIA has no control over such as lockdowns, fog lines, etc. shall not be reimbursed.

California Department of Corrections  
Financial Information Memo

**ATTACHMENT FOR FIM 2004-XX**

**SAMPLING OF THE TYPES OF REIMBURSABLE GOODS AND SERVICES  
PROVIDED TO PIA AND THE COST METHODOLOGIES TO BE USED**

Miscellaneous	Postage	Institutions shall establish a
	UPS	tracking system to capture
	Salt	costs incurred by PIA projects.
	Air Compressor	
	Hydraulic Fluid	
	Vehicle Repair Parts	

**PLEASE NOTE: This list is not all-inclusive.**